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C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 000078

SIPDIS

FOR EAP/MTS AND INR

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SUBJECT: NAJIB LEADS TAKEOVER OF OPPOSITION-HELD STATE

REF: KL 42 -- BY-ELECTION VICTORY BOOSTS OPPOSITION

Classified By: Political Counselor Mark D. Clark, reason 1.4 (b and d).

Summary and Comment

¶1. (C) Deputy Prime Minister Najib and his ruling UMNO party have succeeded in retaking the state government of Perak, one of five under opposition People's Alliance (Pakatan) control after the March 2008 election. The Najib-led takeover followed the defection of three Pakatan state assembly members and the return to UMNO's ranks of one assembly member who briefly crossed over to the opposition. Two of the Pakatan defectors face charges stemming from an anti-corruption sting operation, a factor allegedly used to convince them to switch support. On February 5, the Sultan of Perak used his constitutional authority to declare that Perak Chief Minister Nizar no longer commanded majority support in the state assembly and instructed Nizar to resign.

Police moved in immediately to take control of state government buildings. Nizar announced he would not step down and, in unprecedented manner, various political figures criticized the Sultan's decision. The Sultan proceeded to swear in Perak's new Chief Minister, UMNO/National Front (BN) assemblyman Zambry Abdul Kadir, late on February 6. Police fired tear gas to disperse protesters who attempted to block the road to the palace.

¶2. (C) Comment: The retaking of Perak will boost Najib's reputation within UMNO as a strong leader ahead of his scheduled late March ascension as Prime Minister. The Perak events, however, will not improve the ruling party's public standing given the allegations of bribery and manipulation surrounding the defections. Najib's actions in this case are reminiscent of the hard-ball tactics of former Prime Minister Mahathir, and are being interpreted as a foreshadow of politics to come under Najib's future administration. Public debate continues over the Sultan's actions; in outcome these were within the bounds of the state's constitution but arguably went beyond the ruler's traditional formal role. Popular sentiment in Perak appeared to favor another constitutional option -- fresh elections, leading to unusual public criticism of the Sultan's decision. End Summary and Comment.

A Showdown Looms in Perak

¶3. (C) In the March 2008 general elections, the opposition Pakatan coalition won control of an unprecedented five states. These included the northern state of Perak, which Pakatan won by a slim three-seat margin (31 Pakatan seats to BN's 28, all but one from the UMNO party). Shortly after the

election, UMNO confidentially identified Perak for takeover, according to senior UMNO officials who spoke with us. Reports surfaced of attempts to woo at least three Pakatan state assemblymen to cross over to BN. (Note: There are no laws in Malaysia preventing elected representatives from defecting to rival parties, and the Federal Court previously ruled that the Constitution guarantees freedom of association in this regard. End Note.) The January 25 defection of UMNO state assemblyman Nasharudin Hashin to Pakatan seemed a significant setback to the ruling party. The last time an elected UMNO representative defected to the opposition was in 1989. Nasharudin's defection precipitated the resignation of UMNO's state chief and DPM Najib immediately stepped into the role. Najib, assisted by Cabinet Minister Zahid Hamidi, launched a rapid counterattack.

¶4. (SBU) On January 26, a day after Nasharudin defected to Pakatan, two Pakatan state legislative assembly members, Jamaluddin Mat Radzi and Mohd Osman Mohd Jailu, ceased all contact with their party colleagues. In 2008, federal anti-corruption officials had targeted both members in a sting operation, and their trial had been scheduled to begin February 10. This situation led to speculation that they had cut a deal to switch allegiances in exchange for favorable treatment at the trial. A third Pakatan state representative, Hee Yit Foong, known to be disgruntled over state appointments, also disappeared from the scene at the same time. Meanwhile, Minister Zahid announced a "special allocation for development" of US \$83,000 (RM 300,000) from the federal government to each of the BN state legislators in Perak, and a similar allocation to all BN state

KUALA LUMP 00000078 002 OF 003

representatives (but not those of opposition Pakatan) across the country as part of the national economic stimulus package.

¶5. (SBU) Recognizing a threat to Pakatan's precarious majority, on February 1 the Perak state assembly speaker said he received resignation letters from two of the "missing" Pakatan representatives. The speaker informed the Electoral Commission and requested that by-elections be held for the vacant seats. The Pakatan representatives emerged to say they had been forced to pre-sign the resignation letters before the election, and the Election Commission overruled the speaker's call for by-elections. On February 3-4, the three Pakatan representatives declared they had left their respective parties and become independent, while the BN representative who had defected to Pakatan on January 25 announced his return to UMNO.

High Noon

¶6. (SBU) Under the Perak state constitution, the state's Sultan holds the formal authority to recognize the chief minister and his government. Both DPM Najib and Pakatan Chief Minister Nizar met separately with Sultan Azlan Shah on February 4 and again jointly on February 5. Nizar asked the Sultan to dissolve the state assembly and call fresh elections, a constitutional option and one that traditional rulers typically have acceded to in exercising a purely formal role. For his part, Najib appeared with 28 BN representatives and the 3 newly-independent representatives to physically demonstrate BN's majority. At the conclusion of the meetings, the palace released a February 5 statement noting that the Sultan had decided Nizar no longer held the confidence of the majority of assembly and requested Nizar to resign. Police moved in immediately to take control of the state government headquarters.

Unusual Criticism of the Sultan

¶7. (SBU) The Sultan's decision, normally respected in public once made known, generated unprecedented criticism. Joined by leaders of the three opposition parties within Pakatan,

Nizar remained defiant. With more melodrama than intent, Nizar stated he and the people would "never recognize this illegal BN government" but would fight "to the last drop of our blood." He took exception to the Sultan's refusal to dissolve the assembly, claiming that this contradicted the Sultan's own writings on this constitutional matter and a ruler's "purely formal" role. Opposition leader Anwar Ibrahim, while noting his respect for the Sultan, said, "Considering the spirit of constitutional monarchy and parliamentary democracy, this regime change, if allowed, will be a disaster to Malaysia's democratic system." Spiritual leader of the Islamist PAS party issued a stark warning that noted the demise of monarchy in Nepal and elsewhere: "Therefore the Royal institution in Malaysia must be careful. In Perak they should not be influenced by outsiders in resolving the crisis. Allah is watching and he will not side with those who are cruel"

¶8. (SBU) Some UMNO voices also criticized the takeover. UMNO elder Tengku Razaleigh lambasted the tactics used as "an insult to the public's intelligence." Former PM Mahathir, exhibiting his selective memory of his own machinations during 22 years in power, took UMNO to task for bringing over persons facing corruption charges. Additional UMNO officials and other commentators expressed concern that the party had damaged its reputation with the takeover in Perak. Prime Minister Abdullah urged Pakatan to accept the outcome, "just as we accepted the results of the (2008) general election." Abdullah also expressed particular appreciation for the Perak Sultan not dissolving the assembly, seeming inadvertently to bolster the general view that UMNO and BN would not fare well if new elections were held now.

New Chief Minister Sworn In; Tear Gas in the Air

¶9. (SBU) Sultan Azlan Shah proceeded to swear in Perak's new Chief Minister, UMNO/BN assemblyman Zambray Abdul Kadir, late on February 6. According to initial reports, a large crowd of protestors gathered along the road to the palace and attempted to block the motorcade of UMNO and BN leaders. Protestors pelted some of the vehicles with stones before a

KUALA LUMP 00000078 003 OF 003

police riot squad fired tear gas and dispersed the crowd. We have no reports of further disturbances.

KEITH